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UNCLAS HALIFAX 000130

SIPDIS

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SUBJECT: NEWFOUNDLAND - LABRADOR LABOR VOWS TO MAKE PREMIER "ONE-TERM DANNY"

REF: HALIFAX 127 AND PREVIOUS

1. Organized labor groups in Newfoundland-Labrador are threatening to get even with Conservative Premier Danny Williams for his government's passage of controversial labor legislation. The Williams government used its overwhelming majority in the House of Assembly on May 4 to pass Bill 18 which imposes a new contract on 20,000 public sector workers who were on strike for four weeks in April (reftel). The legislation imposes a four-year contract that cuts sick leave benefits for new public sector employees and freezes wages for the next two years. Workers will get a five percent raise in the final two years of the deal.

2. Officials of the two unions which represent the workers and other provincial labor officials condemned the legislation, accusing the Premier of setting labor relations back 20 years. Some have even gone as far as ordering specialized car license plates with the inscription "One Term Danny" to reflect their vow to defeat the Williams government come the next provincial election. Since Williams just won election last October, his detractors could be waiting a long time to show their disapproval at the ballot box. In the meantime, it appears certain that Williams has lost any chance of a cooperative relationship with the province's labor groups if he was looking to them for help in stabilizing the province's fiscal situation.

HILL